

EXHIBIT "J"



REPLY TO
ATTENTION OF:

NORTHERN ALASKA AREA OFFICE
U.S. ARMY ENGINEER DISTRICT ALASKA
P.O. BOX 35066
FORT WAINWRIGHT, ALASKA 99703-0066

August 16, 2002

Wainwright Resident Office (FTW230-034) (210-20b)

SUBJECT: Contract DACA85-01-C-0026, FY01 Family Housing Replacement, Fort Wainwright, Alaska-Accident Prevention

Osborne Construction Company
P.O. Box 97010
Kirkland, Washington 98083-9710

Gentlemen:

Reference Federal Acquisition Regulation (FAR) 52.236-0013 Accident Prevention.

You are required to provide and maintain a work environment and procedures, which will safeguard your workers, property, supplies, equipment, the public and Government personnel exposed to your operations and activities. Whenever the Contracting Officer becomes aware of any noncompliance with these requirements or any condition, which poses a serious or imminent danger to the health or safety of the public or Government personnel, the contracting officer is to notify the contractor with written confirmation and request immediate initiation of corrective action. After receiving such a notice, you are required to immediately take corrective action.

In the last two weeks (from August 4 - 17) you have had three serious, reportable accidents:

- a. The August 05 accident of Mr. Joel Wallender, which resulted in serious injury and possible permanent disability.
- b. The August 08 accident of your earthwork subcontractor Great Northwest that resulted in approximately \$10,000 property damage to one of your newly constructed branch utilidors.
- c. The August 14 accident of Mr. Donovan Granger, which resulted in partial amputation of one finger and injuries to two other fingers.

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A single serious accident by itself indicates a failing on the part of your accident prevention/safety program. Multiple serious accidents in different definable features of work over a very short period of time, as you are experiencing, indicates a larger failing of the accident prevention program and shows that a very negative trend has been established which cannot be permitted to continue.

Because of the above, the implementation of your accident prevention program has to be considered ineffective and therefore noncompliant with the contract requirements. The purpose of this letter is to give you the notice of noncompliance required by FAR 52.236-12 (Accident Prevention). You are required to take immediate and positive steps to correct, augment and reinforce your accident prevention program and restore your program immediately to an effective status.

Within three days of the receipt of this letter, provide in writing your plan and schedule for corrective actions you will take to restore your program to an effective status. Among all the possible actions, it is suggested that you consider the following:

- 1) Revising your schedule to relieve some the scheduling pressures and high number of concurrent activities. You need to carefully and realistically assess whether or not you are allowing a prudent/proper amount of time to get each definable feature of work done safely.
- 2) Revising your site safety and health plan.
- 3) Conducting a safety stand down day to focus on safety awareness and safety procedures only
- 4) Requiring your corporate safety officer or members of upper management of the company to come up and stay on site to review and refine your safety plans and procedures and reinforce the importance safety and to communicate the importance the company places on safety.

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5) Increasing your safety enforcement staff or appointing a full time site safety officer.

6) Reducing the number of overtime/extra hours required to be worked by craftsmen and staff.

7) Inviting OSHA to make courtesy/assistance visits

You are reminded that if you fail to promptly take corrective actions, the Contracting Officer may issue an order stopping all or part of the work until satisfactory corrective action has been taken. You would not be entitled to any equitable adjustment of the contract price or extension of the performance schedule for any such stop work order issued under this clause. You could also be subject to other adverse contract administration actions.

Please respond in writing within three calendar days from the date of receipt of this letter with your plan and schedule for corrective actions to restore the effectiveness of your accident prevention program.

Questions on the above should be addressed to the undersigned at (907) 353-7968.

Sincerely,

//s//

Philip L. Salmon, P.E.
Administrative Contracting
Officer

OREC:
CEPOA-CT-CO-M

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August 16, 2002
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